

BUDGET PREPARATION

The Board is responsible for the control of all the funds of the District and accepts the responsibility to direct the use of these funds in a prudent manner.

Each year, the Chancellor shall direct the staff in the development of the budget and present to the Board a budget, prepared in accordance with Title 5 and the California Community Colleges *Budget and Accounting Manual*. The schedule for presentation and review of budget proposals shall comply with State laws and regulations, and provide adequate time for Board study.

Budget development shall meet the following criteria:

- A. The annual budget shall support planning, both on a district-wide and college basis. Planning documents critical to the development of the budget are the district-wide strategic plan, college strategic plans, educational master and strategic plans, facilities master plan, district-wide technology strategic master plan, and other planning documents.
- B. Budget assumptions will be provided to the Board for review and approval. Changes in the assumptions shall be reported to the Board in a timely manner.
- C. Reserve for Economic Uncertainties

The District shall establish the following reserves to meet the total reserve levels recommended by both the California Community Colleges Chancellor's Office and the Government Finance Officers Association of two months of regular unrestricted general fund operating expenditures:

- 1. The general fund reserve for economic uncertainties shall be no less than 7.5 percent of the projected unrestricted revenue. A monthly update will be provided to the Board that reviews current revenue, expenditures, and ending balance projections.
- 2. A basic aid reserve of no less than 20 percent in accordance with Board Policy 6210 – *Basic Aid Funds Allocation Process*.
- 3. Each college and District Services shall maintain a general fund reserve for economic uncertainties of no less than 3.5 percent of the projected unrestricted expenditures. A monthly update will be provided to the Board that reviews current revenue, expenditures, and ending balance projections.

Any action proposed by a Board member, the Board as a governing body, a college, or District Services which could potentially reduce the reserve, will be reported to the Board in the monthly update. A reported reduction in the reserve below 7.5 percent district-wide or 3.5 percent for the colleges or District Services shall be accompanied by a plan that

indicates how the reserve shall be restored.

D. Deficit Financing

Deficit financing is defined as a budget in which projected expenditures exceed projected revenue and beginning fund balance for the year. To the extent feasible and within reason, deficit financing should not occur for ongoing expenses such as salary increases. The amount of deficit financing should always be clearly presented in the budget document. Deficit financing shall not result in a reserve balance that is less than the Reserve for Economic Uncertainties identified in Section C. above without including a plan as to how the reserve will be restored going forward.

E. A Budget Calendar is provided to the Board annually that includes dates for presentation of the tentative budget, required public hearing(s), Board study session(s), if any, and approval of the final adopted budget. At the public hearings, interested persons may appear and address the Board regarding the proposed adopted budget or any item in the proposed adopted budget.

F. Budget projections shall address long-term goals and commitments.

G. Following the adoption of the District budget by the Board, the Chancellor shall administer the budget in conformity with all legal requirements and the actions of the Board.

References:

- Education Code Section, 70902(b)(5)*
- California Code of Regulations, Title 5, Section 58300 et seq.*
- ACCJC Accreditation Standard 3*